





COMPTROLLERSHIP  
A SERVICE TO COMMAND

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### I. INTRODUCTION

The financial control exercised in the Naval Service is too often taken for granted. It is a matter frequently assumed to follow and not precede the fact. The young Line Officer may proceed through a multitude of the expected professional phases without being made aware that the chain of command and the chain of financial control are synonymous. Financial control is the key to absolute control of the military services by the Congress and thus a powerful force in the implementation of the democratic form of government. It is in order to promote a better understanding of the line and command phase of financial control that this paper is written. Found herein will be certain recommendations designed to increase the awareness of the developing Line Officer regarding the comptroller function as a service to command.

It is further necessary to examine the function of the comptroller as a means to increasing fiscal efficiency and as a direct aid to planning. In the final analysis we see the Line comptroller providing for command the maximum in operation for the appropriated dollar, epitomizing the function of the Naval shore establishment, "to serve the fleet."





## II. STEPS IN THE DEVELOPMENT OF THE LINE OFFICER

During the process of development of the Line Officer it is of interest and concern to trace his awareness of the elements of Comptrollership.

In industry the general function of the comptroller has, through growth and general acceptance, evolved into a distinct series of related functions, based largely upon systematic accounting, clear reports, and an exacting control of the flow of funds. In the clearcut needs of business the elimination of unnecessary expenditures and the elimination of inefficient practices is a matter of survival. This we oppose to the needs of the military services for the comptroller and find ourselves confronted with the great fundamental difference. Large scale business establishments are primarily producers, the military establishment is primarily a monumental consumer. This difference in basic philosophy is inescapable, and wherein there are great common fields for analysis, we are aware that the manufacturer in viewing his operation, says, "how can I produce desirable items at lower cost and thus increase my margin of profit? " The military philosophy asks, " how can our indicated missions be best accomplished with what we have, and where we have not enough, how and when can more be obtained, cheaply if possible, but if not, at any cost in the interest of our primary duty, to insure the National survival?"

It bears directly upon the military concept of correct





and efficient expenditure of appropriated funds to trace the relationship of the developing Line Officer toward items of governmental expenditure.

The embryonic Line Officer comes to the service from the full gamut of economic background, no distinction whatever in national or religious background being made. The common factors regarding our officer material are, youth, good health, intelligence, excellent past records, high educational standards, and initiative. Because of the youth of our case type it is inferred that in very few cases do the young line officers emerge with a well defined awareness of business principles or significant economic orientation.

As a Midshipman at the Naval Academy, and to a lesser extent, as an R.O.T.C. Midshipman, our case type begins his Naval career as a consumer, enjoying governmental largess in return for his dedication to duty. His daily needs, a home, and spending money are provided and this becomes the accepted scheme of things. At the same time he is taught to respect and protect government property, but at no time is he involved with the procurement or business type accounting of government material, nor is it indicated that he should be. His time is fully occupied with professional subjects and preparation for new and far reaching responsibilities. Upon being commissioned our newly established Line Officer proceeds to sea in a combatant ship and finds himself still a student with considerable orientation a necessity. His



status is 'make-you-learn', usually as a Junior Division Officer. The report of conflicting pressures and vicissitudes of this period do not belong here, it is sufficient to say that after two years it is expected that our case type has become oriented, has become a division officer, a qualified Deck Watch Officer, and established a clear picture of his potential worth to his superiors. He is still a consumer of government money and material and has acquired the supervisory duties of the consumption of material by men within his Division, subject to the policies and control of his Head of Department which in turn are derived from the Command control through the Executive Officer. It is at this point that we find our type individual first aware of restrictions in consumption and the attendant responsibilities regarding the elimination of waste. This awareness may remain obscure, for the real control of funds shipboard is exercised through a chain of officers whose commissioned service will vary from ten to twenty-five years.

During the next four years our young officer will stay at sea with perhaps interim school assignments ashore. At sea he obtains additional experience in various departments and will serve on several combatant type ships. He may apply for and receive flight training, or submarine training and continue to be a Line Officer. His experience broadens his perspective and provides a base for Department Head duties leading to Command, but at no time do we find the introduction of real emphasis in analysing the usage of government funds except that incidental to distribution of material provided.





This is not a fatal error at the level we examine, but the day will come for each of these officers who is successful in his profession, when the responsibility of control and efficient expenditure of large sums of government funds will be thrust upon him incident to Line Command of both ships and shore stations. I raise the question, where can the training, the indoctrination the introduction of both broad and detailed instruction necessary for the assumption of the financial responsibility of Command best be introduced?

I further submit that at present it is expected, without any detailed analysis, that by the time an officer has reached command status that he, incidental to previous duties has somehow become aware of the ramifications of financial control. The Commanding Officer may have the benefit of information and assistance from excellent officers within the Supply Corps, but he cannot share nor delegate the responsibility attendant.

It is established Naval policy to send young Line Officers to a course of post graduate instruction in Line duties to serve as a base for their continued professional progress. It is here that an experienced young officer may gain mature insight regarding fields his previous assignments have not contacted. I submit that this is the logical time and place for prospective Executive and Commanding Officers to learn the significance of financial control and responsibility.



## III. RELEVANT ORIENTATION IN NAVAL COMPTROLLERSHIP

It is well to examine some of the devices which are aiding the present implementation of the comptroller functions at the various command levels.

The function of the Comptroller of the Navy was defined by law in 1949, and has since been clearly communicated to the Naval Service in NAVCOMPT INSTRUCTION 5460.1 dated 26 August 1952. This is the current charter of the Comptroller of the Navy. Prior to the enactment of the parent legislation indicated above, the comptroller analytical and advisory duties were not placed under a single individual or office. Relating these duties to a large shore station, it may be said that the Executive Officer more than any other single person carried out the function of a Line Comptroller. This duty had to be carried out collaterally with numerous administrative functions and could in no way be given continuous primary attention. To assist in this important field, the Executive Officer was forced to lean heavily upon the advice of the Supply Officer, the Fiscal Officer, Public Works Officer, and numerous others concerned with the complex financial structure of a large Naval establishment. This at best was a hardship on all concerned and proved to be only partially satisfactory. Hard work and effort coupled with the pressing need of wartime functions have, in the past, produced the required results within shore commands. In such periods the results alone were the criteria, the accounting secondary, and money was available as needed. Now, with shifting needs, greater emphasis is placed upon accounting and specifically, exact instructions exist regarding spending of appropriated funds. In the past the random shifting of appropriations





has not been unusual. It also has been common practice to expend when a Command feels the necessity and <sup>applied</sup> apply for deficiency funds after the fact. The Budget and Accounting Act of 1950 places such practices in a wholly different light. As the law is written, an over obligation of funds appropriated is a criminal offense, and there is no assurance to those in command that a misinterpretation or administrative error resulting in excess expenditure is not the termination of a hitherto fore successful career. These are strong words, reflecting emphatic National needs. The Military spends two-thirds of the present tremendous National Budget, and it is necessary for our continued existence as a solvent International Power, that tight controls function for the protection of all. Protection must exist regarding matters of judgement of single individuals or small groups. There is little concern over matters of deliberate error, for such are almost nonexistent. It is the type of error which represents overemphasis of an individual regarding a program for which he is responsible. This is a most natural and common type of error resulting from lack of balance and perspective relative to the over all program of the Department of Defense. It is the function of the higher echelon Comptroller to underscore such matters. By so doing, the Comptroller furnishes a service to Command function at high levels and is an aid to the overall coordination of the major programs in effect. And so it is at lower command echelons. There are found similar problems on a smaller scale, that are equally as important to those at that level.



A successful resolution of such problems fall to the Line Comptroller. It is here that access to Line problems concurrently with financial control provide an advisory service to be used at the discretion of Command.

This new emphasis on financial control and responsibility has not gone unnoticed. After the creation of the original comptroller billets numerous requests for the establishment of additional billets have been received. Various teams of officers trained in comptroller duties have been engaged in the analysis of financial organization within large shore commands, at the request of the Commanding Officers concerned. These are signs of the times.

Originally the comptroller function was viewed with some skepticism and suspicion. A general misapprehension was felt regarding this new alignment. Not being understood it was thought by some that the possibility existed that some of the prerogatives of command would be surrendered or deferred to a subordinate. Soon it became evident that this was not the case. The advantages became more apparent with understanding, as it was seen that the comptroller was for the direct service and protection of Command. It is felt that the permanent scope of this function has not been reached, that much reorganization and enhancement lies in the future. Such matters as the relationship of the comptroller and the management engineer are yet to be resolved. It cannot be denied that in the light of recent events which emphasize economy, that the subject of financial control is most timely in the military





services. That the new concept is so well received, with the understanding that the comptroller is for the service and protection of command, is a strengthening factor for the Naval Service and is entirely fitting and proper.

#### IV. PROJECTIONS OF THE COMPTROLLER FUNCTION

Just as business must meet high standards of efficiency or fail, so must the Military Services learn to embrace ever higher standards of fiscal efficiency to maintain the potential for the protective mission to which they are dedicated. The awareness and the consequent acceptance of the obligation to maintain this high potential without creating a fatal drain upon the Nation's economy is a great psychological development which will have an impact upon thinking at all military levels.

The matter of the performance type budget which has received so much attention since the term was introduced by the Hoover Commission in 1947, has not been completely resolved, but strong indications of its future application are current. A related matter is the subject of work measurement. Briefly, the performance budget is designed to facilitate liason between the Congress and any Department which receives appropriations. It purports to equate complete programs against an appropriated dollar value. The programs in turn are related to managerial responsibility. This is opposed to the former method which used classification by object across lines of managerial responsibility. A thorough examination of this recent concept reveals a powerful





tool against arbitrary budget cuts and imposed ceilings inasmuch as a program fairly stated, if subjected to a cut becomes a new program of lesser potential. Congress is fairly warned of the consequence of such a cut. The performance budget is as good as the data which defines a program, and it is in this area that the most severe scrutiny and criticism is found. Basically, a program may be clearly defined in terms of equipment, facilities, material and services, but only when an accurate estimate of personnel requirements can be made. The ability to estimate these requirements accurately for a program is based upon work measurement. This area has been the subject of intense study by several governmental agencies. Many proposed methods of analysis have fallen by the way largely because of difficulty in application. The greatest promise is shown by a statistically evolved method of work unit comparison devised by the Office of the Management Engineer in the Navy Department. Since its recent inception this new method of work measurement has been enthusiastically received by those who have made a comprehensive study of its possibilities. This subject is worthy of more attention as a method of comparing the efficiency of similar establishments, but is not pertinent to the companion material. It is too early to give this new system a clean bill as the answer to all work measurement problems, however it is the best to date, has actually been implemented in all shore stations, and provides, for the first time, a workable yardstick that the various comptrollers can use to measure the effective use of funds. Equally



important, this system provides understandable data for program evaluation and budget estimates for presentation to the Congressional committees which pass upon appropriations.

It may be inferred from the above that the sphere of the management engineer overlaps that of the comptroller. This is true. There will probably be additional changes in the future that will clarify the relationship in the Navy organizational structure. It is clear that both the comptroller and the management engineer must work very closely in adjacent, if not the same, shops.

Several functions of the Naval comptroller are clear beyond question. At every level budget estimates are made, and these in turn are the result of detailed planning. Planning itself is based upon integrated forecasting. Our comptroller finds himself in each of these, forecasting, planning and budgeting. It is indicated that many important decisions must be made in these fields that are entirely prerogatives of command. Clearly now, the comptroller must work closely with command, having direct, unhampered communication. The decisions are made with the knowledge and concurrence of command. It follows that in order to properly evaluate the elements pertinent to such decisions, a comptroller should be a Line Officer well suited to succeed in command.

#### V. PROBLEMS OF A COMPTROLLER

A comptroller should be first, expert in his human relationships. His position places him 'next to the throne' where his analysis and counsel are effective and bear directly upon many within





the Naval hierarchy who are his senior. Frequently, in line of duty he must come forward with details and data which please no one. In many cases the comptroller will find it necessary to overrule, in the interest of his Commanding Officer, projected fund expenditures. These are not incidents calculated to increase the popularity of any Naval Officer, and will call for the most consummate tact and nicety. Since the function of the comptroller at shore stations is relatively new, many Commanding Officers will need to have the potential value of this office demonstrated to him before final acceptance. It is the job of each comptroller to show his Commanding Officer how his function is a service to Command. In addition, the Executive Officer, or Chief of Staff must learn as well, for the role of the comptroller is futile if it exists in a hostile or uncooperative atmosphere. Once accepted and assuming the comptroller to be capable, the function enhances cooperation and facilitates the overall operation concerned. Nevertheless there will be many instances caused by personality distribution which would cause one comptroller to fail where another would succeed.

